



DIRECTIVE 07.28.2020

Date: July 28, 2020
To: Qualified Organizations
From: Diane Freeman, Director of Charity Gaming
Subject: Prohibition of financial interests with for-profit entities

The purpose of this communication is to clarify appropriate business relationships between qualified organizations and entities seeking to assist with conducting allowable events. Charitable gaming activities may only be conducted by qualified nonprofit organizations in accordance with IC 4-32.3 *et seq.* Pursuant to Indiana Code 4-32.3 *et seq.*, a qualified organization that is licensed or authorized to conduct charitable gaming activities must do so as a fundraising activity to support the lawful purposes of the qualified organization. Additionally, a qualified organization may not contract or otherwise enter into an agreement with an individual, a corporation, a partnership, a limited liability company, or other association to conduct an allowable activity for the benefit of the organization. IC 4-32.3-5-2. Accordingly, a qualified organization may not enter a formal or informal contract or agreement with any individual, or any for-profit corporation, partnership, a limited liability company, or other for-profit association, entity, or business, to award a financial interest in the conduct of an allowable activity in return for goods or services rendered, or to otherwise manage or assist with the conduct of the allowable activity.

For instance, a qualified organization cannot agree to pay any individual, or any for-profit entity, a percentage of the gross receipts from the allowable activity in return for goods or services rendered, including licensed supplies. Similarly, a qualified organization cannot agree to pay any individual, or for-profit entity, a fee out of the gross receipts each time a chance in a charitable gaming activity is sold.

The Charitable Gaming article does provide qualified organizations with tools for fundraising partnerships. For example, the above analysis is not applicable to non-member participation agreements or volunteer ticket agents (VTA), both of which are allowable under statute. Non-member participation agreements entered pursuant to IC 4-32.3-5-14(c) between two qualified organizations are not subject to the financial interest prohibition. Please note that qualified organizations must complete and submit form CG-NPA to receive approval for non-member participation agreements. Form CG-VTA should be completed and submitted for qualified organizations wishing to utilize a VTA arrangement. However, retail establishments whose employees serve as VTAs may not enter agreements

with qualified organizations to award a financial interest, or to otherwise remunerate the retail establishment, for assisting in the conduct of the raffle activity.

The Charity Gaming Division stands ready to assist qualified organizations with questions regarding this communication or any other need. You may contact us at 317-232-4646.